MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2018/2019

TIA3121 – INFORMATION SYSTEMS AUDIT
(All sections / Groups)

22 OCTOBER 2018
9.00 am – 11.00 am
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of 4 pages with **ONE** opening case and **FIVE** questions.
2. Answer **ALL** questions with reference to the opening case.
3. All questions carry equal marks and the distribution of the marks for each question is given.
4. Please write all your answers clearly and neatly in the **answer booklet** provided.

Opening Case:

FreshProduce.com is a Malaysian e-commerce company founded in the year of 2010. The company is based in Petaling Jaya, Selangor. It distributes fresh fruits and vegetables right to the customer's doorstep and corporate offices such as hospitals, schools, government agencies and banks in West Malaysia region. It has a comprehensive fulfilment system to manage customers' orders which comprises a secure online checkout process, payment provider and order management system. The fulfilment system ensures appropriate steps are taken to pick, pack and deliver the order. Azmin works as a Chief Audit Officer at FreshProduce.com.

QUESTION 1

(a) Identify TWO opportunities how Azmin can enhance the e-commerce business and TWO threats that might exist.

[4 marks]

(b) What is the most significant importance of internal controls to FreshProduce.com? Describe TWO internal controls that would be available in the company.

[3 marks]

(c) With reference to the ISACA's IT governance framework, how would Azmin adopt the framework in the company? Illustrate the objectives and activities in a diagram.

[3 marks]

QUESTION 2

(a) Azmin has outsourced the internal audit of the accounting system, which is used to generate the financial statement to E&T Co. The manager in E&T Co. has assigned Carmen and her team to FreshProduce.com. Describe in detail the audit procedures that Carmen and her team ought to conduct.

[3 marks]

(b) Which type of IT audit should Carmen and her team conduct? Describe one of the IT components review that would be done by Carmen and her team.

[3 marks]

(c) Determine the audit risk of FreshProduce.com. [*Hint: f(IR, CR, DR)*]

[4 marks]

Continued.......

QUESTION 3

(a)   Azmin is performing annual monitoring to the e-commerce website. Using guestimation approach, identify FIVE e-commerce risks and compute the expected loss associated with FreshProduce.com in the table below. *[Hint: average loss should be at least ten thousand]*

Technology Risks	Probability of occurrence (%)	Average Loss (RM)	Expected Annual Loss (RM)

[5 marks]

(b)   Azmin discovered that social engineering is one of the biggest threats to the company's network security. Analyse THREE situations for social engineering to take place at FreshProduce.com. Provide TWO recommendations to mitigate the network security risk.

[5 marks]

QUESTION 4

(a)   Azmin needs to review and update FreshProduce.com's privacy and security policy. He has found that customer's privacy related to personal data collection and security policy related to complaint handling are missing. Create TWO clauses EACH to address the privacy and security gaps detected by Azmin.

[4 marks]

(b)   How would the electronic audit trail be useful to Azmin? List FOUR useful attributes available in the trail.

[3 marks]

(c)   In view of the recent e-commerce scandals worldwide, Azmin is collaborating with forensic auditors to conduct interviews with the company's executives. Provide THREE guidelines to ensure that the team will have a fruitful interview session.

[3 marks]

QUESTION 5

(a)   Azmin was invited to give an executive talk at the "Fraud and Forensic" seminar to raise awareness on the topic. You were in the audience and you had listened to the talk. Explain the largest money value fraud and its underlying problems. What had Azmin recommended as steps to prevent fraud in organizations?

[4 marks]

(b)   How could Azmin use Benford's Digital Analysis method to determine fraud in FreshProduce's online transactions?

[2 marks]

(c)   Azmin needs to audit FreshProduce's shopping cart application using Computer Assisted Auditing Tools. Determine and describe TWO ways how Azmin can do this.

[4 marks]

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